

California Legislature

February 26, 2007

The Honorable Michael R. Peevey
President, California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Dear President Peevey:

We are writing to you regarding a problem with the California Solar Initiative (CSI) that is adversely affecting our constituents.

When the California Public Utilities Commission made its decision to implement the CSI in December 2006 the Commission included a requirement that CSI participants use Time Of Use (TOU) rates.

In its Decision, the Commission noted that the Public Utilities Code section 2851(a)(4) states that the Commission shall require time-variant pricing for all ratepayers with a solar energy system. However, the next sentence in 2851(a)(4) states that the

“commission shall develop a time-variant tariff that creates the maximum incentive for ratepayers to install solar energy systems so that the system’s peak electricity production coincides with California’s peak electricity demand...”

The Commission did the right thing when it ensured that the CSI program was ready to be implemented by January 1, 2007. However, the Commission’s decision to require the current TOU rates has caused serious problems for customers who have elected to participate in the CSI program. These customers, which include both residential and commercial ratepayers, put in systems that are not sized at 100% of their electricity demand because of financial limitations or because the size of the roof area limits them to a less than a 100% system.

Customers who install a system that provides less than 100% of their electricity demand are shocked at the prices they must now pay for electricity as a result of the TOU rate requirement. Many who have installed a solar energy system are now faced with paying electricity bills significantly higher than the bills they paid prior to their major investment in solar energy.

This situation is even more dramatic in our districts, which have a large retiree community and high summer cooling costs. Our constituents who have made a choice to help California address its energy needs should not be penalized because they could not afford or could not accommodate a solar energy system that provides 100% of their electricity demand. We should be able to recognize their situation and give them credit for what they have been able to do – rather than penalize them for not doing enough.


In its December decision, the Commission clearly recognized that more work needs to be done to establish tariffs consistent with the requirements of PUC 2851(a)(4) when it said: “We agree that refinements to the TOU tariffs to create the proper incentives for solar installations is a concept that deserves further exploration...”

The Commission’s decision also indicated that the Commission will explore further TOU tariff enhancements or redesign in either the applicable utility’s general rate case or other appropriate proceeding.


Chairman Peevey, on behalf of our constituents, we respectfully request that the Commission remove the requirement that CSI participants use the current TOU rates and make these optional for CSI participants until a solar TOU tariff is established. Further, we ask that the Commission move expeditiously to establish TOU tariffs for solar installations.

Thank you for your consideration of our concerns.

Sincerely,


JOHN J. BENOIT
Assemblyman, 64th District


BONNIE GARCIA
Assemblywoman, 80th District


JAMES BATTIN
Senator, 37th District


DENISE MORENO DUCHENY
Senator, 40th District